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April 9, 2004

BY HAND AND BY E-MAIL

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: NStar Companies, D.T.E. 03-121

Dear Secretary Cottrell:

Enclosed for filing in the above-entitled action is Response of the Joint Supporters to DTE First Set of Information Requests to the Joint Supporters.

Please acknowledge receipt by stamping the enclosed copy of this letter and returning it to the messenger. Thank you.

Sincerely,

Bruce S. Barnett

BSB/lnf
Enclosure

cc: William Stevens, Hearing Officer (by hand)
John Cope-Flanagan, Hearing Officer (by hand)
Sean Hanley (by hand)
Claude Francisco (by hand)
Xuan Yu (by hand)
Robert Harrold (by hand)
D.T.E. 03-121 Service List (By U.S. mail or e-mail)

Information Request DTE-JS-1-1

Refer to the Direct Testimony of Mark B. Lively at 20, lines 489-491. Please give concrete examples of clear rules for any call for interruption. Please cite to any such rules that already exist in the standby tariffs of any distribution company.

Response

In Mr. Lively's experience, the clearest rules that utilities have for calls for interruptions exist in regard to system protection equipment, such as fuses, circuit breakers, and other relay driven equipment. In these cases, when physical measurements exceed a pre-established limit, relay equipment send signals to load interruption equipment, generally without human intervention. Such physical measurements can include transmission line loadings and system frequency. In many cases, the relay function is built into the interrupting device, such as a fuse.

Less-clear rules relate to calls for transmission line loading relief, voltage reductions, and the operation of load management and other forms of customer interruptions. These rules for interruption are generally less clear in that the decision is often made on a human subjective analysis of the conditions. In many regards, the interruption scheme described in the testimony of Mr. LaMontagne contains such less-clear rules.

Relays can operate objectively because engineers have made the subjective determinations ahead of time. These subject decisions ahead of time are in contrast to the real time decisions made in the case of transmission line loading relief, load management, and other forms of customer interruptions.

In his work for electric utilities and for industrial customers with self generation and interruptible loads, Mr. Lively has seen the distrust of subjective calls for interruption, as such subjective calls are described at page 27 of Mr. LaMontagne's direct testimony in this proceeding.

Because of the distrust for subjective calls for interruption, Mr. Lively supports the development of objective standards. Once objective standards are developed, Mr. Lively believes the objectivity can lead to objective prices. The real test of the validity of the objective prices in a competitive market is allowing select customers to face those prices for their generation and/or for their load.

The concept of customers being allowed to face the same prices for their generation and/or for their load is a concept developed for PURPA, which gave qualifying facilities the options of (1) selling their net output or of (2) buying all of their needs and selling all of their output.

Information Request DTE-JS-1-2

Refer to the Direct Testimony of David Hannus at 10, line 8. Please list the revisions and clarifications referenced in your testimony. Explain how these revisions and clarifications can be incorporated into the proposed NSTAR Electric standby tariffs.

Response

As Mr. Hannus stated in his Direct Testimony at 7, lines 14-16, "The Company should withdraw its proposal. In the alternative, the Department of Telecommunications and Energy should reject the Company's request to set standby rates at this time." This would constitute the priority "revision and clarification" referenced at 10, line 8.

Additionally, as Mr. Hannus discussed in his Direct Testimony at 8 – 10, if some form of Standby Rates must be adopted the Department of Telecommunications and Energy could institute several measures to minimize their harm. None of these measures would serve the public as well as outright rejection. These include but are not limited to:

- Exemption from Standby Rates for projects that meet set criteria such as types of usage, types of technology, efficiency, system sizes, etc.
- Exemption from Standby Rates for projects serving governmental, educational, health and housing facilities
- Transition periods long enough for investments to be recovered over the same time period as if change had been instituted
- Modification of the definition of "existing" OSG projects to include projects meeting certain "milestone" criteria as of the effective date of the tariff, to protect projects that are already designed and moving substantially toward completion
- Shortening the time periods for minimum term of service and notice required for termination of Standby Rate service to 30 or 45 days

Information Request DTE-JS-1-3

In reference to the testimony of David Hannus at 3, lines 13-16, please describe each factor considered by Co-Energy America as the basis for the statement that the service territories of the NSTAR affiliates provide one of the most favorable economic climates in the country for distributed generation (DG)/on-site generation (OSG).

Response

Factors include:

- High energy commodity prices compared to national average
- Availability of fuel (i.e., natural gas)
- Low penetration of DG competitors compared to other otherwise-favorable areas
- Economic growth (i.e., new construction, companies investing in capital improvements, etc.)
- Availability of financing

Information Request DTE-JS-1-4

In reference to the testimony of David Hannus at 4, lines 4-6, please provide a schedule that shows the following information for each of the indicated 28 DG/OSG projects:

(a) the location of the project and name of the utility service territory (BECo, Cambridge, or Commonwealth);
(b) number of generating units and nameplate kW rating of each unit;
(c) completion date or projected date of completion;
(d) type of customer (e.g., schools, hospitals);
(e) type of project (peak shaving, load following, 24-hour/7-day per week operation);
(f) capacity factor.

Response

In his testimony, Mr. Hannus described projects in three categories: (A) "four built projects in the Boston Public Schools"; (B) "four more being constructed"; and (C) "approximately twenty in the pipeline".

A) Mr. Hannus provided details as to the four built projects in response to Information Request NSTAR-JS-1-35.

With respect to question (f) regarding capacity factor, because Co-Energy America, Inc. does not own the projects, Mr. Hannus does not possess data necessary to make the calculation.[1]

[1] Joint Supporters assume that by "Capacity Factor" DTE seeks the generator's actual annual energy output divided by the generator's maximum potential annual energy output, expressed as a percentage. Joint Supporters attempted to contact DTE staff to confirm this interpretation, but did not receive a response by the time this document was due to filed. Assuming our interpretation is correct, Capacity Factor = (annual output kWh) / (nameplate kW * 8,760 hours). It is the annual output (kWh) term in the formula that is not known to Mr. Hannus.

B) The four projects being constructed are each under agreement. For these projects:

a) All are in Boston, in Boston Edison territory
b) Three are single units with a 250 kW nameplate rating. One is an upgrade that currently has two 235 kW units and will add two additional 250 kW units, for a total of 4 units totaling 970 kW.
c) All are projected for completion in Q3 of 2004
d) All are customers who currently take electricity under a commercial tariff. Mr. Hannus declines to provide any further information tending to identify the customers unless a protective order is agreed to.
e) All are anticipated to be load following
f) Because the projects are not operational and because Co-Energy America, Inc. does not own the projects, Mr. Hannus does not possess data necessary to make the calculation. See footnote 1 for additional explanation.

C) Approximately a half-dozen of the approximately twenty projects "in the pipeline" have fallen through since the time Mr. Hannus's direct testimony was submitted. As of the time of this response, there are 14 projects in the pipeline. As to these:

a) All but two are in Boston; all but one is in Boston Edison territory (the other is in Commonwealth Electric territory).
b) All are either one or two unit projects; each unit is rated between 250 and 500 kW.
(The total of anticipated kW nameplate ratings of these projects is approximately 4,400 kW.)
c) All are currently projected for completion by Q2 of 2005
d) All are customers who currently take electricity under a commercial tariff. Mr. Hannus declines to provide any further information tending to identify the customers unless a protective order is agreed to.
e) Some of the projects are anticipated to be load following, some peak-shaving, and some 24/7.
f) Because the projects are not operational, and because Co-Energy America, Inc. does not own the projects, Mr. Hannus does not possess data necessary to make the calculation. See footnote 1 for additional explanation.

CERTIFICATE OF SERVICE

I, Bruce S. Barnett, hereby certify that I served the foregoing Response of the Joint Supporters to DTE First Set of Information Requests to the Joint Supporters on all parties of record in this proceeding this 9th day of April 2004.

Bruce S. Barnett